



My Next Steps:

Understanding the Survivor Benefit Plan



Question

What is the Survivor Benefit Plan, and how can I learn about my family's SBP election options?



Answer

The Survivor Benefit Plan is a form of life insurance and annuity provided by the Department of Defense and offered to service members and their spouses at retirement. Unlike a life insurance policy, which would pay you a lump sum in the event of your service member's death, the SBP annuity would provide you with a monthly payment equal to a portion of your service member's retirement pay. As an SBP beneficiary, you could receive that monthly payment for life as long as you remain eligible. Deciding whether to participate in SBP can have a significant impact on your quality of life if your service member dies before you. If you are a parent, this decision may also impact your children. Before your service member and you make a decision about SBP, understand the cost, the potential payout and other factors, so you can decide if SBP is right for your family.

The SBP can provide a minimum of \$300 per month up to a maximum of 55% of your service member's retired pay per month to you, or another eligible beneficiary (please see below for information on eligible beneficiaries), upon the death of your retired service member. This guaranteed monthly income is adjusted for inflation and is paid out for the remainder of your life or until you remarry. If your service member also elects coverage for children, the SBP annuity will be paid until the children reach 18 years old or, in special circumstances, older.

The monthly cost to participate in SBP, also referred to as the premium, is currently capped at 6.5% of your service member's retirement pay. If you decide to participate, up to 6.5% of your service member's retirement pay will be deducted each month, before taxes, to maintain your eligibility for SBP coverage. When premium payments have been made for 30 years and if your retired service member is at least 70 years of age, the SBP is considered paid-in-full. SBP coverage continues, but no further premiums are required.

“Unlike a life insurance policy, which would pay you a lump sum in the event of your service member's death, the SBP annuity would provide you with a monthly payment equal to a portion of your service member's retirement pay.”

As your service member prepares to retire, he or she will be required to elect or decline SBP coverage. If your service member does nothing, full SBP coverage for you and your children is automatic. If your service member has a former spouse or a child or children from a previous relationship, your SBP options may be affected, and you may benefit

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Resources at a Glance

- Defense Finance and Accounting Services: [SBP](#)
- DoD Office of the Actuary [SBP Financial Analysis Tools](#)
- Department of Defense [SBP Overview](#)
- [Retirement Calculator](#)



Answer (cont.)

from advice from a legal professional before making your decision. If your service member elects coverage for any amount less than the full SBP, your written consent will be required.

Unlike traditional life insurance, enrolling in the SBP does not require health questionnaires or a health exam for your service member. Retirees are eligible to choose the SBP upon retirement, regardless of their age, health, physical condition, life expectancy and other factors.

If you and your service member think the SBP may be right for you, DD Form 2656: Data for Payment of Retired Personnel offers instructions about election options and requirements. Take time to carefully review information about SBP elections and eligible beneficiaries before finalizing your decision. Making changes after your initial election can be difficult or even impossible. Your service member has only one opportunity to terminate SBP coverage, which is between the 2nd and 3rd year following the date your service member begins to receive retired pay. If SBP coverage is stopped, none of the premiums paid will be refunded, and no annuity will be paid upon your service

member's death. As the spouse, you must consent to the withdrawal from SBP coverage. Know that termination is permanent, and SBP participation cannot resume under any circumstances.

SBP alone may not provide for all of your financial needs in the event of your retired service member's death. Other life insurance and investments may be needed to support your family. Remember, SBP does not have a lump sum benefit that some survivors may need to meet immediate expenses. Seek advice from your financial advisor or meet with a personal financial manager on your installation to help you understand how your decision about SBP may impact your family and to learn what other life insurance or investments you may need to maintain your quality of life.

The decision about whether to participate in the SBP is a personal one and should only be made after you and your service member consider and discuss the circumstances of your particular situation. Whether you and your service member elect the SBP, retirement from the military is a good time to think about your family's financial future and make a plan to provide the peace of mind your family needs.



Steps to Consider

These "Steps to Consider" are not meant as a checklist. Use the suggestions to facilitate a discussion with your service member.

- Educate yourself and your service member about the [Survivor Benefit Plan](#). Visit the Defense Finance and Accounting Services Survivor Benefit Plan website and the [Department of Defense SBP Overview](#) website to learn about aspects of the SBP to include enrollment, elections, eligibility requirements, costs and details about how SBP is paid after a retired service member's death.
- Have a discussion with your service member about whether SBP coverage is right for your family. Review the DFAS website to find a list of [advantages and disadvantages](#) for electing SBP coverage. Factors to consider include the following:
 - Your age and your service member's age at retirement.
 - The age gap between you and your service member (women tend to live longer than men).
 - Your overall health and your service member's overall health. SBP does not require a health exam prior to election.
 - Current or desired life insurance policies.
 - Current assets, savings and expected future earnings.
- As your service member's retirement date approaches, find out if your installation provides a brief about SBP. Reach out to [your installation's](#) retirement services office to learn more.
- Select the right SBP option for your family situation. There are six eligible beneficiary categories: Spouse, Spouse & Children, Child(ren) only, Former Spouse, Former Spouse & Child(ren) and Insurable interest. Review the DFAS website to learn more about the [eligible beneficiary categories](#) for SBP coverage.



Steps to Consider (cont.)

- Decide how much SBP is needed to meet your family's needs. Full basic SBP for spouse and children is automatic if your service member makes no other election. Your service member may not reduce or decline spouse coverage without your written consent. If your service member has a former spouse, it may affect your options.
- Determine how much SBP your family can afford. Use the [retirement calculator](#) to determine your service member's base retirement pay. This will help you understand the costs of your SBP premiums and potential payouts after a retired service member's death. Use the [calculators](#) provided by the DoD Office of the Actuary to estimate the premium costs of SBP.
- Review [DD Form 2656: Data for Payment of Retired Personnel](#) from the DFAS website to find the instructions about election options and requirements. Reach out to [your installation's](#) retirement services office to learn more.
- Understand your family's life insurance needs. Review your current life insurance policies to see how SBP would fit with your estate planning. Use the monthly cost of the SBP premiums to compare to the cost of a term life insurance plan at the same or lesser monthly premium. Consult with your financial advisor or a personal financial manager on [your installation](#) to help you understand the appropriate amount of life insurance you may need to support you and your family in the event of your service member's death.
- If your service member was previously married, understand that he or she has the option or may be required to elect [former spouse SBP coverage](#). Learn more about former spouse SBP coverage on the DFAS website, and reach out to the legal services office at your nearest [installation](#) for assistance.



Resources

SBP Informational Websites and Calculators

- Defense Finance and Accounting Services SBP: <https://www.dfas.mil/retiredmilitary/provide/sbp.html>
- Department of Defense SBP Overview: <http://militarypay.defense.gov/Benefits/Survivor-Benefit-Program/>
- DoD Office of the Actuary Survivor Benefit Plan Financial Analysis Tools: <http://actuary.defense.gov/Survivor-Benefit-Plans/>
- Retirement Calculator: <http://militarypay.defense.gov/Pay/Retirement/ad/>

Installation Resources

Locate a transition assistance office: <https://installations.militaryonesource.mil/>

- In the dropdown menu, choose "I'm looking for a program or service." Then, type in "Transition Assistance Program" in the "I'm choosing from" text field. Next, you'll be asked to filter by installation or zip code. After making your selection, select the "Search" button.

Locate a retirement services office: <https://installations.militaryonesource.mil/>

- In the dropdown menu, choose "I'm looking for a program or service." Then, type in "Retirement Services" in the "I'm choosing from" text field. Next, you'll be asked to filter by installation or zip code. After making your selection, select the "Search" button.

Locate a military legal services office: <https://installations.militaryonesource.mil/>

- In the dropdown menu, choose "I'm looking for a program or service." Then, type in "Legal Services/JAG" in the "I'm choosing from" text field. Next, you'll be asked to filter by installation or zip code. After making your selection, select the "Search" button.

Locate a personal financial management program: <https://installations.militaryonesource.mil/>

- In the dropdown menu, choose "I'm looking for a program or service." Then, type in "Personal Financial Management Program" in the "I'm choosing from" text field. Next, you'll be asked to filter by installation or zip code. After making your selection, select the "Search" button.



Notes

Financial Planning for Transition

- ## Benefits and Entitlements

- Life Insurance Considerations at Transition from the Military
- Transition Assistance and Training**
- Transition Assistance for Military Spouses